

THE ENERGY EFFICIENCY AND RESOURCE MANGEMENT COUNCIL

Minutes-October 16, 2008

Department of Administration

Conference Room B

CALL TO ORDER

The meeting was called to order by Chairman Ryan at 3:30 PM

Members Present: Andrew Dzykewicz, Christopher Powell, Paul Ryan, Vic Allienello, Dan Justynski, Joseph Newsome, Joseph Cirillo and Sam Krasnow (by teleconference)

Others Present: Tim Roughan, Jeremy Newberger, Ken Payne, John Farley, and Libby Delucia.

Staff: Mateo Gugliemetti, Janet Keller and Charles Hawkins.

Consultant: Scudder Parker

Executive Director's Report:

Andy D. announced that Al Degan has resigned from the council.

Low Income Energy Issues

Joe N. reminded the group that a discussion of OER's plans for the upcoming winter should have been on the agenda. Andy D. said that this discussion will be part of his Executive Director's report. Joe N. wanted to have a more in depth discussion on the winter with statistics and hoped OER could present this at the next meeting. Janet K. apologized for the lack of minutes.

Andy D. said that LIHEP funding will double this year, but there will be a problem administering it because of staffing constraints. All client contact will now be with the CAPs and they will have a new software system to work with. The OER is administering a \$10 million weatherization program with three people. Although weatherization funding has increased, there may not be enough contractors to do the work. He also talked about the Appliance Management Program and the Boiler Replacement Program. Andy D. worries about the lack of disposable income and how that will impact the RI economy. There have been discussions with RI Housing to make home repair loans into weatherization loans. The OER is adopting a State of Maine program to give out "keep warm kits" from Home Depot at the URI Energy Expo.

Matt Guglielmetti explained the LIHEAP process. Under existing criteria working poor are eligible with a cap of \$46,000 for a family of four. With additional funding from the new legislation the OER may be able to expand eligibility. It is a hard program to plan for because it of weather unpredictability and funding inconsistency. When you

have more weatherization funding you need to train more contractors to do the work. The example of 2006 was cited when the OER & CCRI trained contractors only to have the funding pulled during the budget crisis. Andy said that the OER has weatherized more than 30,000 homes since the inception of the program. Matt G. said that LIHEAP money is also used to turn service back on for clients.

Chris P. noted that the energy efficiency improvements provided by weatherization provides permanent savings.

Chris P. said it would be good to lock in prices for oil and natural gas for LIHEAP clients. Vic A. said that Matt G. did lock in oil prices with LIHEAP a few years ago but that would not work this year with the price instability.

There was then a discussion on oil and gas prices and whether prices would rise this winter. Andy D. is concerned about oil dealers going out of business because people who are locked into a higher price will not buy the oil from the supplier.

2009 System Reliability Plan

Scudder P. said that at the last meeting the EERMC assigned VEIC to work on drafting an amended System Reliability Plan working with Chris P. to incorporate his suggestions.

Chris P. said he would like to see a paragraph on the first page of the

report that explains in layman's terms the value of energy efficiency to ratepayers.

Scudder P. understood that the council has an obligation to comment on the 2009 draft System Reliability Plan. Tim R. said Grid wanted to file an amended plan with a clear understanding of Chris App.'s concerns and get it to the PUC. Paul R. said that the council only had to vote on the amendment today.

Scudder P. advised that the work has been done and the document is a clear statement of system reliability and is workable and the council should express support. Paul R. said that council had authorized Scudder and Chris to make the changes and was satisfied.

Chris P. reiterated that the major message of the report be summarized on the first page that energy efficiency works for the ratepayers. Chris felt that this was done in the Energy Efficiency Report and would like to see it included in the System Reliability Report.

Scudder P. emphasized that one of the changes made to the draft was recommending that N. Grid use a TRC test to determine cost effectiveness, especially when considering costly renewable projects. Scudder thinks this is a step forward and the message for RI ratepayers is that the System Reliability Plan is cost effective in the long run.

Jeremy N. said that no legislation requires a cost effectiveness measures.

Ken Payne maintained that it would be difficult to get the message of energy efficiency across with just one paragraph and suggested using explanatory graphics and adding a paragraph that refers to the graphics that better explains what the EERMC is trying to get across.

Paul R. moved to put the amended System Reliability Report in front of the council. He said that they would vote on System Reliability and then move on to RGGI and then back for a vote on the Energy Efficiency Plan. He recommended acceptance of the plan to PUC with amendment.

Chris P. moved to move it forward with amendment.

Scudder P. asked if someone from Council will be at the hearing.

Council voted in favor of the motion.

RGGI Spending Plan

Andy D. said that because Section 23-82-6 of the RGGI enabling legislation called for consultation with the EERMC before the OER

drafts a RGGI spending plan, he would like to get the views of the council before drafting the plan. At this point Sam K. joined the meeting by teleconference. Paul R. said Sam could speak but not vote by phone

Andy D. said the EDC wants to spend the majority of the proceeds on renewable energy projects. The Wiley Center wants it for weatherization. Andy doubts either position will be adopted. OER has been thinking about finding a way to assist people who don't qualify for LIHEAP but are suffering from high energy prices and may loss their homes.

Andy D. said the initial auction grossed \$1.3 million for RI but there are fees that will reduce that. The restricted receipt account was not exempted from the administration fee. RI also owes money to NY for fronting start-up costs. There is concern about federal legislation that could make RGGI illegal, sponsored by head of Senate Energy Committee. RI needs to formulate a plan on how to spend about \$1 million. DEM is talking about forestry work that would reduce carbon.

Dan J. said you have to consider the small C&I companies. Residential are not the only ratepayers. Joe C. talked about his old neighborhood on Federal Hill where the tenements are in disuse with absentee landlords. He would love to see if you could do a pilot program on home ownership. Show an example of what can be done

with homeownership and what is the result. Is there a way to bring these neighborhoods back?

Joe N. would like to see affordable energy-efficiency low-income housing. Now is the time to try to retrofit existing old home that are foreclosed. He talked about deed restrictions that would protect the funding received.

RI Housing got \$19 million to buy out foreclosed properties. Andy would like to move in people who are eligible for LIHEAP and then weatherize the property.

Scudder P. said that with this new money there may be an urge to start new programs. He felt it should be put into existing programs to accelerate the progress of the council's goals, especially LCP. Chris P. said there are programs in place to further energy efficiency and can be used to put RGGI money on the ground quickly.

Andy said the OER believes there should be no rate impact from RGGI.

Sam K. wanted to use RGGI funds to help reach procurement goals for electric energy efficiency to further LCP and save ratepayer money. He said that other New England states were moving toward all of RGGI money for energy efficiency.

Andy talked about engaging a residential ESCO, making funds available through RI Housing and using these funds to reduce interest rates.

Joe N. said we can be deliberate. He asked if this plan is for all RGGI funds going forward. Asked if this is just a consultation session or are we going to vote. It was stipulated that the plan was not for all RGGI funds from future auctions and that the EERMC was consulting on the plan and that no votes would be taken at this meeting.

Dan J. said RGGI expense by utilities will be paid by ratepayers. He does not want to start new programs.

Joe N. asked about a timeline. Andy D. said that OER needs to draft a plan. Andy is worried about getting money spend because he is afraid the General Assembly will divert to the general fund to ease the budget crisis.

Chris P. asked if we could use some of this money to get things started now. Take existing program and hand over money to Grid telling them who to help first.

Chris P. asked does EERMC have enough information to advise. He felt that small a group needs to bang about ideas.

Andy would not expect EERMC to have consensus because of the

different groups they represent. He was just listening to viewpoints today.

Ken P. said there are multiple funding sources for energy programs-DSM, RGGI, renewable energy standards, compliance programs and LCP. Some of these programs were transferred to the EDC during recent legislation. The EERMC has to figure out how to consult with the OER on matters of funding. LCP is only part of council's charge. However, because of legislative mandates LCP has absorbed most of the council's time during the past year. But the council has a broader mandate to advocate for energy policy. The council should think about system design and how to approach the PUC about system design. He hopes this clarifies the responsibilities of the EERMC. He wanted to give the big picture.

Scudder P. talked about the visibility of increases of fees for ratepayers. If you take the money from RGGI and not use it to buy down the SBC you are exposing ratepayers to a double increase, one which is invisible.

Andy D. disagreed saying that new programs would accomplish the same energy efficiency as in existing programs.

Chris P. said it is easier to make existing programs bigger and have continuity. Try to have both, new and existing, going at the same

time, get one started

Dan J. asked if the council should have a work session on the RGGI plan. He felt that a noticed meeting of about 2 hours would be good to hash over these issues. Chris P. said we need an interim work session before the next meeting. It was agreed that the OER would set up a work session on the RGGI plan before the November EERMC meeting

Andy D. left the meeting.

Paul R. introduced Scudder P. to present Energy Efficiency Plan overview

Draft 2009 Energy Efficiency Program Plan

Scudder said the ability to sit down with N. Grid program people to discuss energy efficiency plans has not occurred. He felt there is a need to look at changes N. Grid needs to make to improve the plan.

Scudder said there has not been the direct contact with Grid staff that is necessary to take a hard look at existing energy efficiency programs. Jeremy N. e-mailed him names of key program people at N. Grid and Scudder feels that there has to be aggressive discussions between VEIC and Grid over the next few weeks to discuss modifications needed in the plan.

Chris P. said that there is uncertainty around the appropriate course of action

Scudder said that in general terms N. Grid was running good programs. That is not the issue. The question is what modifications need to be made. Also, are the best practices from other locales being incorporated into the plan? He has no way of knowing.

Chris P. said that N. Grid's energy efficiency plans work well, but they need to be tweaked to be better. And if that is the case the EERMC is not ready to vote on the plan until these changes are made. The question is what the council should do.

Sam K. asked if the council could approve the plan in front of them with understanding that a group of folks will be working on changes before November.

Paul R. asked why the council needed to vote before the November 3rd filing. Paul R.'s concern is that Scudder works with N. Grid and comes back with a report two days before the November meeting and members are faced with the task of assimilating the data in 2 days. He said that it was a continual problem the EEMC has had with N. Grid for the last 14 months.

Scudder P. urged the EERMC to instruct VEIC to work closely with

Grid over the next few weeks to improve the plan. Chris P. said that there has to be input from the Council to VEIC. Scudder said absolutely, that he would welcome it and that he also looks forward to consulting with the Collaborative on this. Dan J. said that he had to leave. Paul R. said there goes the quorum

Ken P. offered a motion to approve the transmittal, which is not the substance, of the document, to Grid with any comments, instruct consultants in conjunction with members of the council to interact with Grid to address things and thirdly, specifically state in the motion that the Council will file its own findings and recommendations with regard to this as of the EERMC's November meeting. Do those three things in one motion and then you have covered all the bases and the plan is authorized to go forward and the PUC knows that further action is pending with changes coming.

Dan J. made the motion, Chris P. seconded the motion and the EERMC voted to approve the above motion unanimously.

Jeremy N. said that that motion should be documented and sent to the PUC.

A motion was made to adjourn the meeting at 6:10.